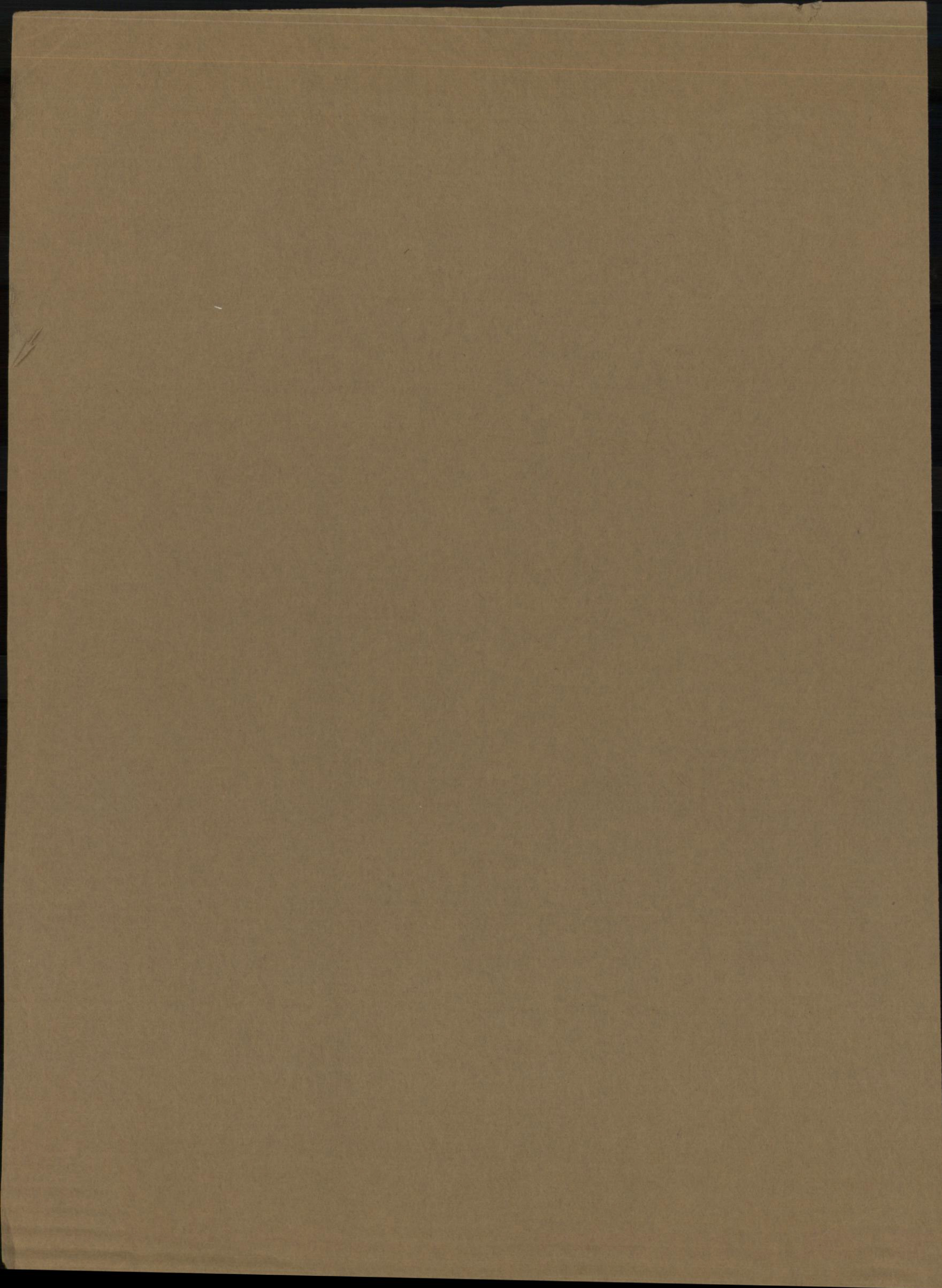


REPORT TO SHAREHOLDERS  
THE BAKER-RAULANG COMPANY - CLEVELAND, OHIO  
FOR YEAR ENDING DECEMBER 31, 1941

Baker-Raulang Co.







THE BAKER-RAULANG COMPANY

CLEVELAND, OHIO

March 19, 1942

To the Shareholders  
of  
The Baker-Raulang Company

The Financial Statements of the company for the year of 1941 included in this report have been examined by our Auditors as therein stated. It may be noted the net profit, after allowing for estimated federal taxes on income, is \$321,093.58, a little more than three times that reported for 1940. Total shipments of about \$4,000,000.00 for the year were nearly 2-1/4 times those for 1940.

In a large measure these increases have resulted from the unusually large production attained in our Industrial Truck Division. We were fortunate in that our regular products were in early demand by the Government and corporations making and handling war materials. With little delay, but with some additions to equipment and inventories and considerable more working time, production was doubled over 1940 and double that of any previous peak year.

A second very important profit and volume factor was the sharp step-up in production in our Commercial Body Division during the latter part of the year. As a result of sales, engineering and research effort we were fortunate in securing important war work well suited to our facilities. Most of this work was related to military vehicles so the almost complete conversion which has been effected did not require physical changes other than some more equipment and larger inventories. While starting late in the year on some of this work production for the year was increased about 2.7 times over that of 1940.

The above Divisions are located in separate plants, both of which are now operating to approximate capacity. We have sold a third plant, used as a power block for several years, thus eliminating substantial carrying expenses which were not entirely covered by the rent received.

We are now doing important work for the Army, Navy, and Air Corps and have in hand, and definitely in sight, substantial orders for further work carrying high priority ratings. No doubt there are serious hazards and contingencies ahead which the company will have to face as best it may. Under the serious national conditions existing we shall make such additional efforts toward larger production during 1942 as may be possible and as developments may require.

Respectfully submitted,

*E. J. Raulang*  
President



THE BAKER-HAULAND COMPANY

CLEVELAND, OHIO

March 19, 1942

To the Shareholders

of

The Baker-Hauland Company

The Financial Statements of the company for the year of 1941 included in this report have been examined by our Auditors as therein stated. It may be noted the net profit, after allowing for estimated Federal taxes on income, is \$321,093.58, a little more than three times that reported for 1940. Total shipments of about \$4,000,000.00 for the year were nearly 2-1/4 times those for 1940.

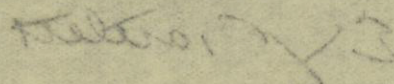
In a large measure these increases have resulted from the unusually large production attained in our Industrial Truck Division. We were fortunate in that our regular products were in early demand by the Government and corporations making and handling war materials. With little delay, but with some additions to equipment and inventory, production was doubled over 1940 and double that of any previous peak year.

A second very important profit and volume factor was the sharp step-up in production in our Commercial Body Division during the latter part of the year. As a result of sales, engineering and research effort we were fortunate in securing important war work well suited to our facilities. Most of this work was related to military vehicles so the almost complete conversion which has been effected did not require physical changes other than some more equipment and larger inventories. While starting late in the year on some of this work production for the year was increased about 2-1/2 times over that of 1940.

The above Divisions are located in separate plants, both of which are now operating to approximate capacity. We have sold a third plant, used as a power block for several years, thus eliminating substantial carrying expenses which were not entirely covered by the rent received.

We are now doing important work for the Army, Navy, and Air Corps and have in hand, and definitely in sight, substantial orders for further work carrying high priority ratings. No doubt there are serious hazards and contingencies ahead which the company will have to face as best it may. Under the serious national conditions existing we shall make such additional efforts toward larger production during 1942 as may be possible and as developments may require.

Respectfully submitted,

  
President



ERNST & ERNST  
Accountants and Auditors  
System Service  
Cleveland  
Union Commerce Building

Board of Directors,  
The Baker-Raulang Company,  
Cleveland, Ohio.

We have examined the balance sheet of The Baker-Raulang Company as of December 31, 1941, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Trade accounts receivable were tested by direct communication with recorded debtors selected by us. Inventories of raw materials, parts, sub-assemblies, etc., in the storerooms are based on counts, weights or measurements made by employees of the Company as of December 31, 1941. Orders in process of manufacture or assembly are based on continuous records of accumulated costs, less estimated costs of partial deliveries. We observed procedures followed in ascertaining quantities and in making test checks of items included in the work in process orders. We also made test checks of the computations and basis of pricing.

During the year ended December 31, 1941, the Company sold property, plant, and equipment not used in operations for \$134,250.00, less commissions and other expenses of \$9,276.69. The net book carrying amount of \$250,281.27 for this property included appreciation of \$6,974.00. By order of the Board of Directors the entire book loss of \$125,307.96 was charged to capital surplus, rather than to profit and loss or earned surplus which would conform to generally accepted accounting principles.

In our opinion, except for the charge to capital surplus of the loss from the sale of property mentioned in the preceding paragraph, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of The Baker-Raulang Company at December 31, 1941, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

Cleveland, Ohio  
March 10, 1942

Certified Public Accountants



ERNST & ERNST  
Accountants and Auditors  
System Service  
Cleveland  
Union Commerce Building

Board of Directors  
The Baker-Ransing Company  
Cleveland, Ohio

We have examined the balance sheet of The Baker-Ransing Company as of December 31, 1941, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Trade accounts receivable were tested by direct communication with recorded debtors selected by us. Inventories of raw materials, parts, sub-assemblies, etc., in the storerooms are based on counts, weights or measurements made by employees of the Company as of December 31, 1941. Orders in process of manufacture or assembly are based on continuous records of accumulated costs, less estimated costs of partial deliveries. We observed procedures followed in ascertaining quantities and in making test checks of items included in the work in process orders. We also made test checks of the computations and basis of pricing.

During the year ended December 31, 1941, the Company sold property, plant, and equipment not used in operations for \$13,250.00, less commissions and other expenses of \$2,276.69. The net book carrying amount of \$250,381.37 for this property included appreciation of \$6,974.00. By order of the Board of Directors the entire book loss of \$122,307.96 was charged to capital surplus, rather than to profit and loss or earned surplus which would conform to generally accepted accounting principles.

In our opinion, except for the charge to capital surplus of the loss from the sale of property mentioned in the preceding paragraph, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of The Baker-Ransing Company at December 31, 1941, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST  
Certified Public Accountants

Cleveland, Ohio  
March 10, 1942



BALANCE

THE BAKER-RAULANG

December

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ASSETSCURRENT ASSETS

Cash		\$ 221,875.18	
Trade accounts receivable, less reserve of \$4,500.00		574,210.90	
Inventory-at lower of cost or Market:			
Finished products	\$ 2,882.49		
Parts and sub-assemblies	497,258.08		
Orders in process	315,645.29		
Raw materials	139,043.42		
Manufacturing supplies	10,335.82		
Materials in transit	19,454.86		
	<u>\$ 984,619.96</u>		
Less reserves	6,605.39	978,014.57	\$1,774,100.65

OTHER ASSETS

Mortgage notes receivable from sale of real estate (includes accrued interest)	\$ 98,270.83		
Sundry deposits, advances and receivables,	\$ 12,715.74		
Less reserve	<u>2,112.29</u>	<u>10,603.45</u>	108,874.28

PROPERTY, PLANT, & EQUIPMENT-Note A

Land		\$ 229,451.87	
Buildings, machinery and equipment	\$1,452,519.81		
Less reserve for depreciation	<u>1,039,941.46</u>	412,578.35	
Emergency facilities	\$ 132,351.68		
Less reserve for depreciation and amortization	<u>11,541.98</u>	<u>120,809.70</u>	762,839.92

PATENTS & GOOD WILL (nominal amount) 1.00

DEFERRED CHARGES

Tools	\$ 25,178.20		
Prepaid insurance, taxes, & other expenses	<u>15,576.36</u>	<u>40,754.56</u>	
			\$2,686,570.41

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Note A - Property, plant, and equipment, exclusive of land, are stated generally on the basis of independent appraisals made at various dates, the latest being as of January 21, 1926, plus subsequent additions at cost and less adjustments of carrying amounts for certain machinery and equipment as determined by the management and less reserves for depreciation to December 31, 1941. Land is stated as appraised by The Cleveland Real Estate Board as of May 31, 1915, plus subsequent additions at cost and less adjustment of \$15,206.76 to reduce the carrying amount to an appraisal by the Board of Directors as of December 31, 1934. The amounts stated herein for these items do not purport to represent amounts currently realizable or cost.



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## ASSETS

CURRENT ASSETS	
Cash	\$ 221,875.18
Trade accounts receivable	574,210.90
Less reserve of \$4,500.00	
Inventory at lower of cost or market	
Finished products	\$ 2,882.49
Parts and sub-assemblies	497,228.08
Orders in process	315,645.29
Raw materials	139,043.42
Manufacturing supplies	10,335.82
Materials in transit	19,454.86
Less reserves	984,619.96
	<u>978,014.57</u>
	\$1,774,100.65

## OTHER ASSETS

Mortgage notes receivable from sale of	
Real estate (includes accrued interest)	\$ 98,270.83
Granny deposits, advances and	
receivables	12,715.74
Less reserve	<u>5,112.29</u>
	108,874.28

## PROPERTY, PLANT, &amp; EQUIPMENT-Note A

Land	\$ 229,451.67
Buildings, machinery and	
equipment	\$1,452,519.81
Less reserve for depreciation	<u>1,039,941.46</u>
Emergency facilities	113,351.68
Less reserve for depreciation	<u>11,541.98</u>
and amortization	120,809.70
	<u>762,839.92</u>

## PATENTS &amp; GOOD WILL (nominal amount)

1.00

## DEFERRED CHARGES

Tools	\$ 25,178.20
Prepaid insurance, taxes, & other	
expenses	<u>15,276.36</u>
	40,454.56

\$2,685,270.41

Note A - Property, plant, and equipment, exclusive of land, are stated generally on the basis of independent appraisals made at various dates, the latest being as of January 31, 1935, plus subsequent additions at cost and less adjustments of carrying amounts for certain machinery and equipment as determined by the management and less reserves for depreciation to December 31, 1934. Land is stated as appraised by The Cleveland Real Estate Board as of May 31, 1915, plus subsequent additions at cost and less adjustment of \$15,206.76 to reduce the carrying amount to an appraisal by the Board of Directors as of December 31, 1934. The amounts stated herein for these items do not purport to represent amounts currently realizable or cost.



SHEET

COMPANY

31, 1941

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LIABILITIES, CAPITAL STOCK, AND SURPLUSCURRENT LIABILITIES

Notes payable to bank		\$ 200,000.00	
Accounts payable:			
Trade accounts	\$ 130,511.54		
Commissions-dealers	61,027.72		
Salaries, wages, and commissions	31,094.80		
Pay roll taxes	16,879.75	239,513.81	
Accrued:			
Local taxes	\$ 10,305.82		
Federal capital stock tax	10,250.00	20,555.82	
Dividends payable		9,303.75	
Federal taxes on income of the year ended Dec. 31, 1941-estimated		400,000.00	\$ 869,373.38

RESERVE

For contingencies			27,000.00
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CAPITAL STOCK AND SURPLUS

Capital stock:			
Preferred stock, 5% cumulative if earned, par value \$100.00 per share, redeemable at \$105.00 a share and accumulated unpaid dividends-Note B:			
Authorized 7,500 shares; issued 7,364 shares; reserved for exchange for 7% preferred stock 79 shares	\$ 744,300.00		
Common stock, without par value-stated capital \$100 per share:			
Authorized 100,000 shares; issued (including 474 shares reserved for exchange for prior issues of common stock) 77,927 shares; reserved for exchange for 7% preferred stock 316 shares		78,243.00	
	\$ 822,543.00		
Surplus-Note C:			
Capital surplus	\$ 613,201.71		
Earned surplus since 7-1-36	354,452.32	967,654.03	1,790,197.03
			\$2,686,570.41

Note B - Dividends on preferred 5% stock are cumulative from July 1, 1936, if earned, and the earned accumulation unpaid at December 31, 1941, amounts to \$89,298.28, or approximately \$12.00 a share including stock not exchanged,

Note C - A loss of \$125,307.96 on the sale during the year 1941 of property, plant, and equipment not used in operations, was charged directly to capital surplus as authorized by the Board of Directors.



LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES	
Notes payable to bank	\$ 200,000.00
Accounts payable:	
Trade accounts	\$ 130,511.24
Commissions-dealers	61,027.72
Salaries, wages, and commissions	31,094.80
Pay roll taxes	16,879.72
Accrued:	
Local taxes	\$ 10,302.82
Federal capital stock tax	10,220.00
Dividends payable	20,222.82
Federal taxes on income of the	2,303.72
Year ended Dec. 31, 1941-estimated	400,000.00
	869,273.38
RESERVE	
For contingencies	27,000.00
CAPITAL STOCK AND SURPLUS	
Capital stock:	
Preferred stock, 25 cumulative if earned, per value \$100.00 per share, redeemable at \$105.00 a share and accumulated unpaid dividends-Note B:	
Authorized 7,500 shares; issued 7,364 shares; reserved for exchange for 7 1/2 preferred stock 79 shares \$ 744,300.00	
Common stock, without par value-stated capital \$100 per share:	
Authorized 100,000 shares; issued (including 474 shares reserved for exchange for prior issues of common stock) 77,927 shares; reserved for exchange for 7 1/2 preferred stock 316 shares	
	78,243.00
	822,543.00
Surplus-Note C:	
Capital surplus	\$ 613,201.71
Earned surplus since 7-1-36	324,222.32
	937,424.03
	1,790,197.03
	23,680,270.41

Note B - Dividends on preferred 25 stock are cumulative from July 1, 1936, if earned, and the earned accumulation unpaid at Decem-ber 31, 1941, amounts to \$89,298.28, or approximately \$12.00 a share including stock not exchanged.

Note C - A loss of \$125,307.96 on the sale during the year 1941 of property, plant, and equipment not used in operations, was charged directly to capital surplus as authorized by the Board of Directors.



STATEMENT OF SURPLUS

THE BAKER-RAULANG COMPANY

Year ended December 31, 1941

CAPITAL SURPLUS

Balance at January 1, 1941	\$ 738,509.67
Loss on sale of property, plant, and equipment not used in operations charged to capital surplus as authorized by the Board of Directors	<u>125,307.96</u>
BALANCE AT DECEMBER 31, 1941	\$ 613,201.71 =====

EARNED SURPLUS (since July 1, 1936)

Balance at January 1, 1941	\$ 70,573.74
Add:	
Net profit for the year before loss on sale of property, plant, and equipment not used in operations-charged to capital surplus	<u>321,093.58</u>
	\$ 391,667.32
Deduct cash dividends declared:	
On preferred stock:	
\$2.50 per share applicable to the second semi-annual dividend period for the year 1940	\$ 18,607.50
\$2.50 per share applicable to the first semi-annual dividend period for the year 1941	<u>18,607.50</u>
	<u>37,215.00</u>
BALANCE AT DECEMBER 31, 1941	\$354,452.32



# STATEMENT OF SURPLUS

THE BAKER-BRAUNING COMPANY

Year ended December 31, 1941

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## CAPITAL SURPLUS

Balance at January 1, 1941	\$ 738,509.67
Loss on sale of property, plant, and equipment	
not used in operations charged to capital	
Surplus as authorized by the Board of Directors	125,307.96
<b>BALANCE AT DECEMBER 31, 1941</b>	<b>\$ 613,201.71</b>

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## EARNED SURPLUS (since July 1, 1936)

Balance at January 1, 1941	\$ 70,223.74
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Add:

Net profit for the year before loss on	
sale of property, plant, and equipment	
not used in operations-charged to	
capital surplus	321,093.58

	\$ 321,093.58
	\$ 391,607.32

Deduct cash dividends declared:

On preferred stock:

\$2.50 per share applicable to the	
second semi-annual dividend	
period for the year 1940	18,607.50
\$2.50 per share applicable to the	
first semi-annual dividend	
period for the year 1941	18,607.50

\$ 18,607.50

	37,215.00
	18,607.50

**BALANCE AT DECEMBER 31, 1941** \$354,422.32



PROFIT AND LOSS STATEMENT

THE BAKER-RAULANG COMPANY

Year ended December 31, 1941

	INDUSTRIAL TRUCK DIVISION	COMMERCIAL BODY DIVISION	COMBINED
Net sales	\$2,917,897.71	\$1,052,987.21	\$3,970,884.92
Cost of goods sold	1,721,705.20	836,567.58	2,558,272.78
GROSS PROFIT	\$1,196,192.51	\$ 216,419.63	\$1,412,612.14
Expenses:			
Selling	\$ 499,775.35	26,018.83	525,794.18
Administrative & general	91,601.49	38,098.91	129,700.40
TOTAL EXPENSES	\$ 591,376.84	\$ 64,117.74	\$ 655,494.58
OPERATING PROFIT	\$ 604,815.67	\$ 152,301.89	\$ 757,117.56
Other income:			
Royalties received			5,152.50
Interest earned			2,187.23
Recovery on accounts			299.84
Sundry income			115.36
			\$ 764,872.49
Other deductions:			
Provision to increase reserve for contingencies to \$27,000.00			\$ 23,064.84
Settlement of patent litigation			7,500.00
Net expense of properties not used in operations			7,145.62
Interest expense			3,090.49
Accounts charged off			1,902.55
			\$ 42,703.50
PROFIT BEFORE TAXES ON INCOME			\$ 722,168.99
Taxes on income-estimated:			
Provision for the year:			
Federal normal income tax and surtax			152,500.00
Federal excess profits tax			247,500.00
Additional provision for prior year			1,075.41
TOTAL TAXES ON INCOME			\$ 401,075.41
NET PROFIT-NOTE A			\$ 321,093.58
Provision for depreciation and amortization of defense facilities included above - \$63,984.47			

Note A - A loss of \$125,307.96 on the sale of property, plant and equipment not used in operations was charged directly to capital surplus as authorized by the Board of Directors.



# PROFIT AND LOSS STATEMENT

THE BAKER-HAHLING COMPANY

Year ended December 31, 1941

	INDUSTRIAL	TRUCK	COMMERCIAL
	DIVISION	DIVISION	DIVISION
Net sales	\$2,917,897.71	\$1,052,987.21	\$3,970,884.92
Cost of goods sold	1,721,705.20	836,567.58	2,558,272.78
GROSS PROFIT	\$1,196,192.51	\$216,419.63	\$1,412,612.14
Expenses:			
Selling	\$499,725.35	\$6,018.83	\$505,744.18
Administrative & General	\$1,601.49	\$8,098.91	\$9,700.40
TOTAL EXPENSES	\$501,326.84	\$14,117.74	\$515,444.58
OPERATING PROFIT	\$694,865.67	\$202,301.89	\$897,167.52
Other income:			
Royalties received			\$1,152.50
Interest earned			\$2,187.23
Recovery on accounts			\$299.81
Stray income			\$115.36
Other deductions:			
Provision to increase reserve for contingencies to \$27,000.00			\$23,066.84
Settlement of patent litigation			\$7,500.00
Net expense of properties not used in operations			\$7,145.62
Interest expense			\$3,090.49
Accounts charged off			\$1,908.22
Taxes on income-estimated:			
Provision for the year:			\$27,500.00
Federal normal income tax and surtax			\$27,500.00
Federal excess profits tax			\$1,075.41
Additional provision for prior years			\$401,075.41
TOTAL TAXES ON INCOME			\$457,075.41
NET PROFIT-NOTE A			\$440,092.11
Provision for depreciation and amortization of defense facilities included above - \$63,984.47			
Note A - A loss of \$125,307.96 on the sale of property, plant and equipment not used in operations was charged directly to capital surplus as authorized by the Board of Directors.			



